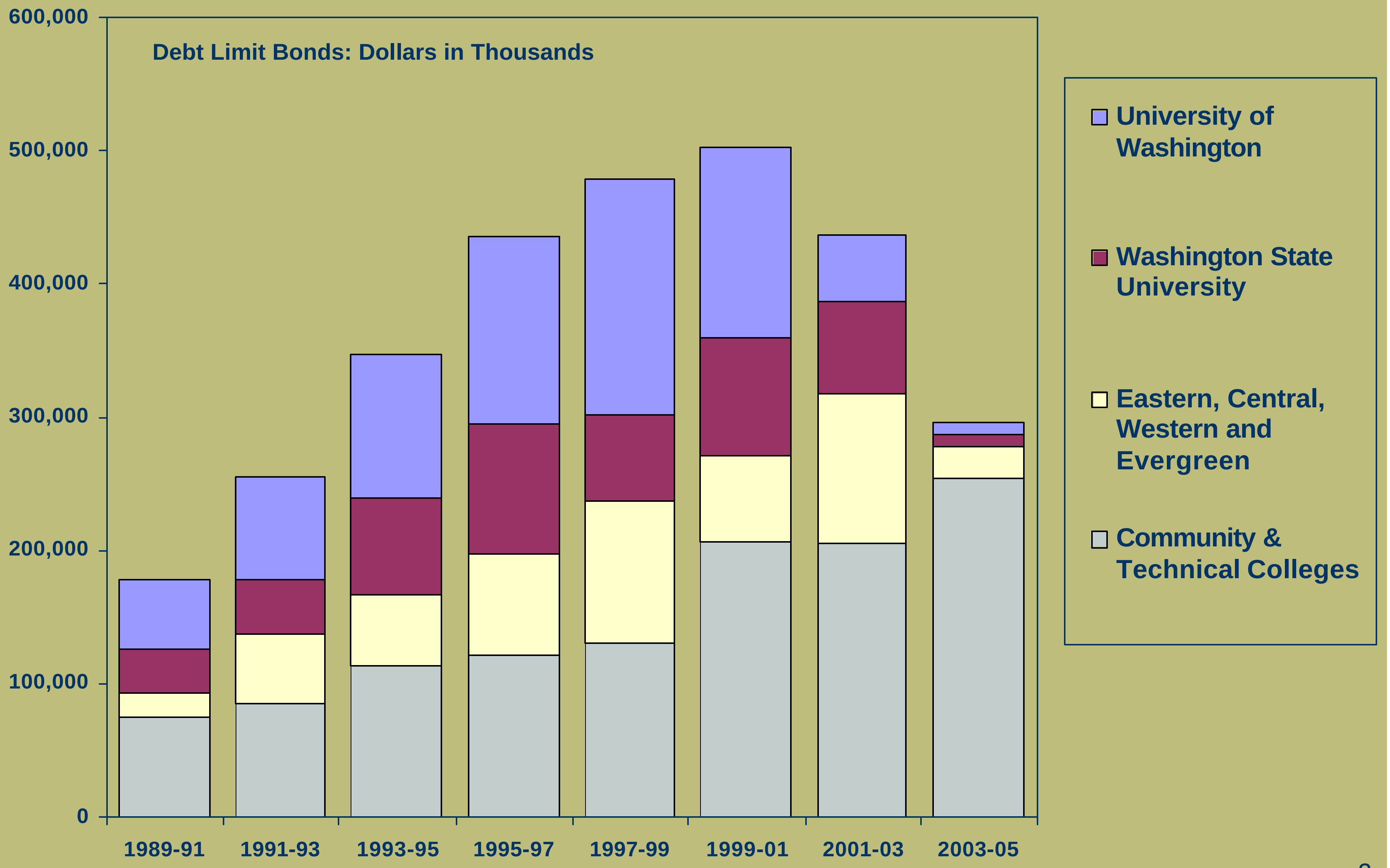
Financing Higher Education Capital and Related Budget Policy Considerations

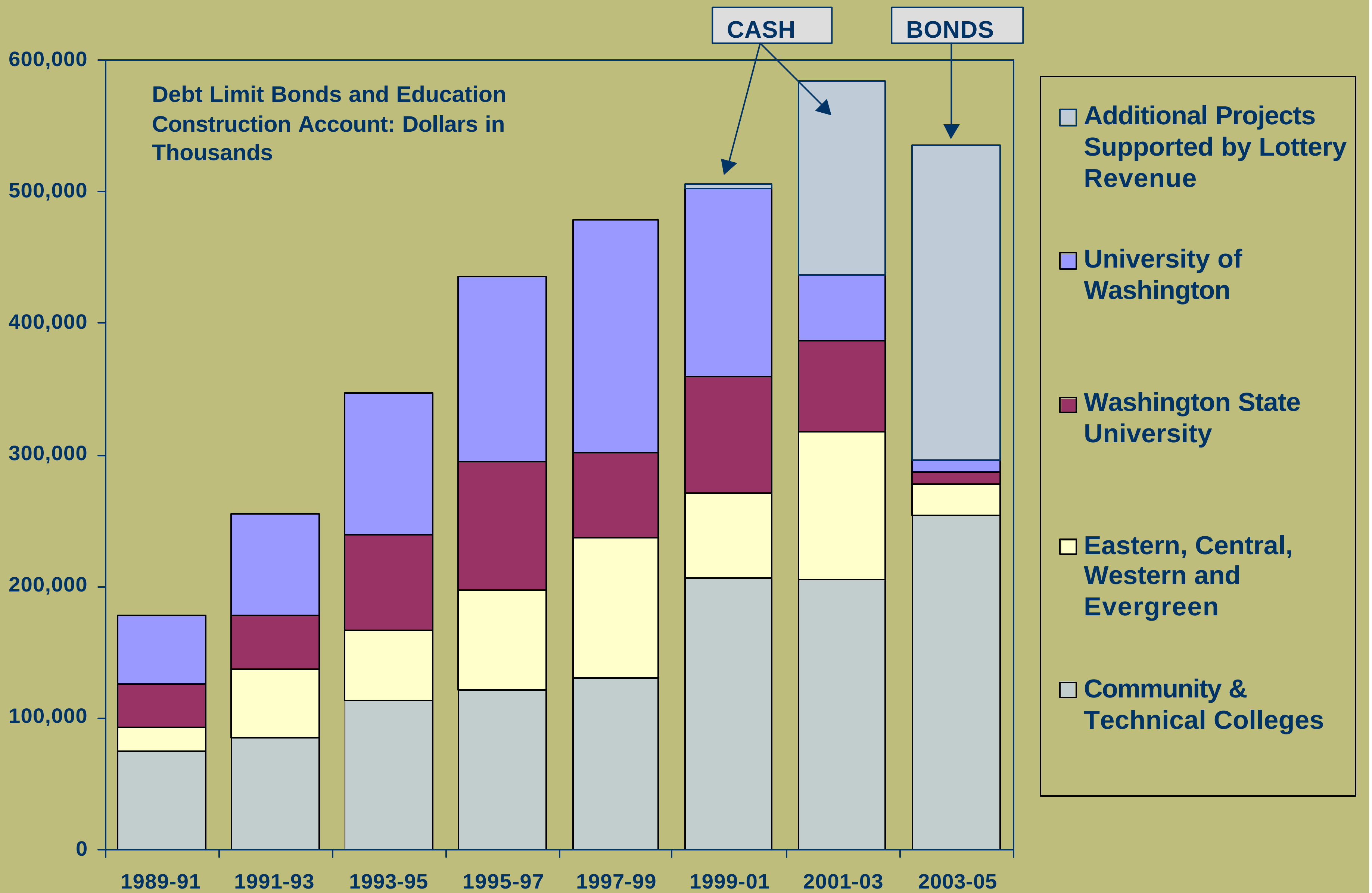
Washington State
Senate Committee Services

Senate Ways & Means Committee
February 12, 2003

The Governor Scaled Back G.O. Bonds to Stay Below 7% Debt Limit. That Choice Primarily Affects the State's Universities



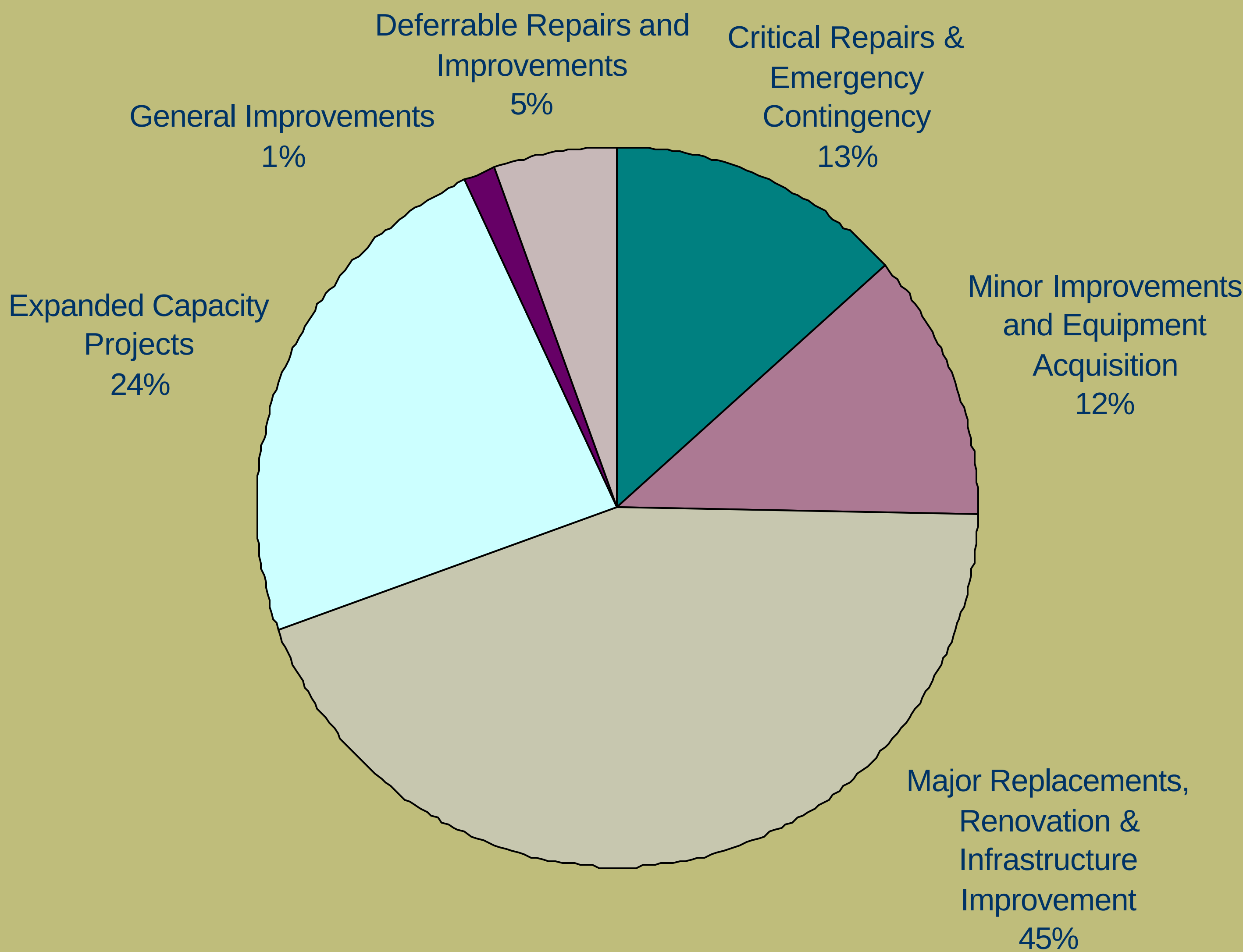
Bringing Spending Up for Higher Education, the Governor Suggests $238 Million in Revenue Bonds Backed by the Lottery



Projects Supported by Lottery-Backed Bonds (Education Construction Account)

• UW Johnson Hall Renovation	$ 50,352,000
• WSU Johnson Hall Addition	$ 35,200,000
• CCTC – Pierce College Puyallup Expansion	$ 23,375,000
• TESC Evans Building Modernization	$ 21,500,000
• EWU Cheney Hall (Computing & Engineering)	$ 19,000,000
• CCTC – Clark Center at WSU Vancouver	$ 18,010,000
• CCTC – So. Puget Sound Humanities & General Ed Complex	$ 17,350,000
• EWU Senior Hall Renovation	$ 14,480,000
• CWU Dean Hall (Science) Renovation and Utility Mall Upgrade	$ 14,480,000
• WSU Cleveland Hall (Education) Addition	$ 11,160,000
• CWU Highline Education Center	$ 10,000,000
• WWU – Furnishing and Equipment for Communications	$ 4,000,000
	$238,907,000

Over Half the $1.02 Billion Investment Sought by Institutions Would Repair, Renovate, or Replace Existing Buildings and Campus Infrastructure.



Analysis c/o Higher Education Coordinating Board, Dec. 2002

What Might the Legislature Want to Consider?

- **You pay for day-to-day facility maintenance in the operating budget,**

and future requirements are linked to today's capital budget decisions.

- **The type of projects you fund matters, as does time.**

There are circumstances where preserving older structures rather than constructing a new facility make sense but each scenario has different operating implications for the State and its Institutions. Whether and when such capital projects come before you makes a difference.

- **There are out-year implications of borrowing today.**

Additional revenue pledged today alters how flexible the State can be and still meet operating expenses, anticipated or otherwise, in subsequent biennia.